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SUBJECT: BURMA'S COUNTERNARCOTICS REPORT CARD

REF: A. (A) STATE 190339

[1](#)B. (B) STATE 157297

[1](#)C. (C) 01 RANGOON 1747

[1](#)1. (U) Summary: Burma has responded well to the criteria outlined in our certification demarche. It has continued to enforce its counternarcotics laws, increased pressure on cease-fire groups such as the United Wa State Army, and sharply reduced the production of opium and heroin within its territories. It has also improved its counternarcotics cooperation with China and other states, contributing to the arrest of several major drug traffickers wanted abroad. Seizures of opium, heroin, and other narcotics have also increased in 2002, though ATS seizures have lagged. In addition, Burma enacted new money laundering legislation in 2002 and should open up its first cases under the new law before the close of the year. It also continued to prosecute corrupt police and military officers. Between 1995 and May 2002, a total of 248 police and military officers were disciplined for narcotics-related corruption and drug abuse. Finally, in cooperation with UNDCP and several international NGOs, Burma has maintained a simple, but apparently effective demand reduction program that has held drug abuse in Burma to one of the lowest levels in the region. End Summary.

[1](#)2. (U) The paragraphs below are keyed to the criteria outlined in our certification demarche.

[1](#)3. (U) Drug Dealers: Comply with the provisions of UN Drug Conventions by taking demonstrable and verifiable actions against high level drug traffickers and their organizations, such as arresting and convicting leading UWSA drug producers and traffickers

The GOB has continued to enforce its counternarcotics laws. While its reach was limited in the past by the special dispensation it had given several major cease-fire groups on the Chinese border, nevertheless, over the past fourteen years, it has made almost 90,000 arrests on drug-related charges. Of those arrested, 42 were eventually sentenced to death, 37 were given life imprisonment, and an additional 12,500 were given prison terms of more than 10 years. During the first eight months of 2002, Burma has arrested another 4,148 suspects. It has also continued with prosecutions. In the five months up to May 2002, 850 drug dealers were given prison terms in excess of ten years.

Several of these arrests and convictions were directly the result of cooperation with the United States, Australia, China, Thailand, and other states. These included:

-- Cooperation with the United States Drug Enforcement Administration and the Australian Federal Police in the seizure of 357 kilograms of heroin in Fiji in October 2000. Death sentences were eventually handed down in Yangon for two drug kingpins connected with this case.

-- Cooperation with Thailand in the seizure of 116 kilograms of heroin and 7.8 million methamphetamine tablets in February [1](#)2002. Two of the principals behind this shipment were also eventually convicted in Yangon and sentenced to "indefinite" (i.e., unending) terms in prison.

-- Cooperation with China in a series of arrests and seizures that have continued throughout 2001 and 2002 all along the Chinese border following the signature of a Chinese/Burmese MOU on counternarcotics operations in January 2001. Since then, Burma has turned over 22 separate fugitives to China, including members of one group (Tan Xiao Lin and company) which China described as the "largest armed drug-trafficking gang in the Golden Triangle."

-- Cooperation with the United States Drug Enforcement Administration and the Chinese police on a seizure of 12.5 kilograms of heroin in Hong Kong on July 11, 2002. Evidence collected in that case will provide the basis for one of the first prosecutions in Burma under the GOB's new money laundering law.

-- Cooperation with Thailand and the United States in the arrest of Yang Chia-ho, a United Wa State Army officer and a

confederate of the notorious Wa chieftain, Wei Hsueh Kang. Yang Chia-ho was taken into custody together with more than 5 million methamphetamine tablets and 41 kilos of heroin in Tachileik, Burma on October 4, 2002.

Burma has also ratcheted up the pressure on cease-fire groups like the Wa and the Kokang Chinese, who were originally left relatively free to develop the narcotics trade in their self-administered areas along the Chinese border. Starting in September 2001, the GOB has mounted a series of joint operations in cooperation with the Chinese which resulted in a series of major arrests in Laukkai, the capital of Kokang Chinese Special Region No. 1. In March, 2002, it also demanded that new counternarcotics decrees be issued by the Wa, the Kokang Chinese, and other cease-fire groups. Those decrees outlawed participation in any aspect of the narcotics trade. The GOB also demanded and received cooperation from the United Wa State Army in bringing to heel several fugitives wanted by China in April and May 2002. In addition, it has begun a campaign to close down the liaison offices of armed groups like the United Wa State Army, and of companies associated with those groups in Tachileik, Myawaddy, and other towns on the Thai/Burmese border. Finally, the GOB has continued to hold all of the cease-fire groups to their pledges to end opium production in their territories. U Sai Lin's Special Region No. 4 around Mong La has been opium-free since 1997 and the Wa are, thus far, on track to eliminate opium by 2005. The Kokang Chinese missed their opium-free target (scheduled for the year 2000), but have paid a heavy price for that failure in terms of increased attention from both the Burmese and the Chinese police.

14. (U) Narcotics Elimination: Increase opium eradication and provide location data for verification purposes; significantly increase seizure rates for opium, heroin, and methamphetamines; control the diversion of precursor chemicals; and destroy significantly more heroin and methamphetamine laboratories.

Opium production in Burma declined for the sixth straight year in 2002. According to the U.S./Burma Joint Opium Yield Survey, the maximum potential yield for opium in Burma in 2002 totaled only 630 metric tons, down 235 metric tons (or 27 percent) from 2001. Over the past six years (i.e., since 1996), opium production in Burma has declined by more than 75 percent, dropping from an estimated 2,560 metric tons in 1996 to 2002's total of only 630 metric tons. Approximately half of this decline reflects a decline in acreage under cultivation (which dropped by more than half to only 78,000 hectares in 2002). The remainder was due to lower yields (now only about 8 kilograms/hectare) throughout Burma.

The results in regard to methamphetamine production are harder to measure. While figures for the production of methamphetamine production in Burma are batted about (e.g., 400 million, 600 million, or 800 million pills), the basis for these estimates is unclear. As a result, it is difficult to judge on the basis of current information to what degree Burma is or is not making progress in controlling methamphetamine production.

It is clear, however, that narcotics seizures in Burma have increased during 2002, at least in regard to opium and heroin, most of which is trafficked through China. During the first eight months of 2002, the GOB seized 1,563 kilograms of opium and 213 kilograms of heroin. This compares with seizures of 1,629 kilograms of opium and 96 kilograms of heroin during all of 2001. In contrast, seizures of methamphetamine tablets were lower during the first eight months of 2002, totaling only 3,605,615 pills. This may reflect a complete disruption of the ATS trade out of Burma as a result of the tensions with Thailand, poor Burmese enforcement efforts or simply new methods and routes of trafficking that the Burmese have yet to uncover. Whatever the reason, recent large seizures by Burmese forces in Tachileik (see above) have begun to make up the deficit.

GOB eradication efforts have also continued. Altogether, the GOB appears to have eradicated slightly less than 7,400 hectares of opium poppy during the 2001/02 crop year, a total approximately equal to 10 percent of the acreage under opium cultivation. It also provided the United States with information on the states, townships, and villages within which these eradication campaigns were conducted and has agreed to provide GPS coordinates for verification purposes during the coming crop year.

15. (U) International Cooperation: Continue cooperation with China and Thailand and Expand Cooperation to other neighboring countries such as India.

Burma has been able to recruit strong allies in its efforts to eliminate drugs. Since 2001, Burma has signed MOUs with China (in January) and Thailand (in June). The MOU with China laid down the ground rules for joint operations, which

in turn led to a series of arrests of major traffickers during the spring and summer of 2001 (see above).

Burma's MOU with Thailand committed both countries to closer police cooperation on the border. This was firmed up during an August 2001 meeting of police chiefs from both sides of the border who agreed to share information and establish joint "narcotics suppression coordination stations" in the Chiang Rai/Tachileik, Mae Sot/Myawaddy, and Ranong/Kawthoung border areas. During Secretary 1 Khin Nyunt's September 2001 visit to Thailand, Thailand also offered a 20 million baht (about \$440,000) alternative development project in Burma. In May 2002, tensions on the Thai/Burmese border disrupted this nascent cooperation, but, with the resolution of those problems, both governments have committed themselves to renewed cooperation.

Burma also participated actively in multilateral meetings on narcotics control. These included a regional ministerial meeting (organized in cooperation with UNDCP) on drug control in Rangoon in May, 2001, and a quadrilateral ministerial meeting involving Burma, Laos, China, and Thailand in August 2001. In November 2001, Burma agreed to contribute to the ACCORD plan of action, which serves as an umbrella for a variety of global programs aimed at strengthening the rule of law, promoting alternative development, and increasing civic awareness of the dangers of drugs. It has also supported the 1993 Memorandum of Understanding that was signed among the six regional states -- Burma, China, Thailand, Laos, Vietnam, and Cambodia -- to control narcotics production and has participated in all meetings of that group. Put simply, Burma is part of every major multilateral narcotics control program in the region.

Finally, Burma has signed drug control cooperation agreements with virtually all states in the region. These include agreements with Laos, Cambodia, Vietnam, the Philippines, India, and the Russian Federation, in addition to China and Thailand.

16. (U) Money Laundering: Enforce existing money laundering laws, including asset forfeiture provisions, and fully implement and enforce Burma's new money laundering legislation.

The GOB enacted new and relatively powerful money laundering legislation in June 2002. That legislation criminalizes money laundering in connection with virtually every kind of serious criminal activity and levies heavy responsibilities on banks in regard to reporting. Penalties are also substantial. The police, in cooperation with the Central Bank and the Attorney General's office, have developed rules and regulations to implement the law, which should be published shortly. The government has also held training seminars on money laundering and financial investigations in Mandalay and other cities. Investigations have started, and it is expected that the first prosecutions under the new law will take place before the close of 2002. The GOB's goal now is to establish a record of enforcement over the coming year that will justify Burma's removal from the Financial Action Task Force's list of non-complying countries.

The GOB is also drafting new Mutual Legal Assistance legislation which should be enacted in 2003. Once enacted, that legislation will facilitate the negotiation of Mutual Legal Assistance Treaties and greater legal and judicial cooperation in pursuing money laundering and other cases.

17. (U) Corruption: Prosecute drug-related corruption, especially corrupt government and military officials who facilitate drug trafficking and money laundering.

In 2001, the GOB indicated that 32 Burmese police officers have been punished for narcotics related corruption since the beginning of 2000. Punishments took the form of imprisonments, terminations, demotions, and forced retirements. Jail sentences have been imposed on 17 officers, including 1 police major and 2 police lieutenants. Four officers have been terminated, including 2 police lieutenants, and six officers were forced to retire, including 4 police lieutenants. Over the same period of time, they said, 7 Burmese army soldiers, including 1 major and three other officers, were charged with narcotics-related corruption.

In 2002, the GOB expanded this list of prosecutions to include over 200 police officials and 48 Burmese Army personnel who were punished for narcotics-related corruption or drug abuse between 1995 and May 2002. Of the 200 police officers, 130 were imprisoned, 16 were dismissed from the service, 7 were forced to retire, and 47 were demoted.

18. (U) Demand Reduction: Expand demand reduction, prevention and drug treatment programs to reduce drug use and control the spread of HIV/AIDS.

If the level of drug use is the measure of success in demand reduction, then Burmese programs have been a success. The overall level of drug abuse is low in Burma compared with neighboring countries. According to the GOB, there are only about 70,000 "officially registered" drug abusers in Burma. While this is undoubtedly an underestimate, even UNDCP estimates that there may be no more than 300,000 people (still less than 1 percent of the population) who abuse drugs in Burma. Most, particularly among the older generation, use opium, but use of heroin and synthetic drugs is rising, particularly in urban and mining areas.

Burmese demand reduction programs are in part coercive and in part voluntary. Addicts are required to register and can be prosecuted if they fail to register and accept treatment. Altogether, more 21,000 addicts were prosecuted for failing to register between 1994 and April 2002.

Demand reduction programs and facilities are strictly limited, however. There are six major drug treatment centers under the Ministry of Health, 49 other smaller detox centers, and 8 rehabilitation centers which, together, have reportedly provided treatment to about 55,000 addicts over the past 9 years. There are also a variety of narcotics awareness programs conducted through the public school system. According to UNDCP, approximately 1,200 high school teachers participated in seminars, training programs, and workshops connected with these programs in 2001. In addition, the government has established demand reduction programs in cooperation with INGOs. These include programs with CARE Myanmar, World Concern, and Population Services International, all of which focus on injecting drug use as a factor in the spread of HIV/AIDS.

Martinez